

Message Text

UNCLASSIFIED

PAGE 01 ABIDJA 02306 01 OF 02 101017Z
ACTION EB-08

INFO OCT-01 AF-10 ISO-00 L-03 IO-14 NSC-05 AID-05
CIAE-00 COME-00 FRB-01 INR-10 NSAE-00 USIA-15
XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 SS-15
AGRE-00 /105 W

-----053289 101026Z /10

P R 091710Z MAR 78
FM AMEMBASSY ABIDJAN
TO DEPT OF TREASURY WASHDC PRIORITY
INFO SECSTATE WASHDC 7737
AMEMBASSY LIBREVILLE

UNCLAS SECTION 1 OF 2 ABIDJAN 2306

PASS ALL NAC AGENCIES

E.O. 11652: N/A
TAGS: AFDF, AFDB, EAID, EFIN
SUBJ: AFDF SAO TOME COCOA REHABILITATION PROJECT
APPRAISAL REPORT

1. SUBJECT PROJECT SCHEDULED FOR CONSIDERATION DURING
MARCH 23 AFDF DIRECTORS MEETING. COPIES OF REPORT AIR
POUCHED TO WASHINGTON MARCH 8 FOR NAC REVIEW. FOLLOWING
IS SUMMARY OF REPORT.

2. BORROWER: THE GOVERNMENT OF SAO TOME AND PRINCIPE
EXECUTING AGENCY: MINISTRY OF AGRICULTURE
AMOUNT: UP TO 7.8 MILLION FUA
SERVICE CHARGE: 0.75 PERCENT PER ANNUM ON PRINCIPAL
DISBURSED AND OUTSTANDING
LOAN PERIOD: 50 YEARS INCLUDING 10-YEAR GRACE
PERIOD.
REPAYMENT SCHEDULE: 1 PERCENT ANNUALLY YEARS 11-20;
3 PERCENT ANNUALLY YEARS 21-50.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ABIDJA 02306 01 OF 02 101017Z

3. COCOA IS THE MAINSTAY OF THE ECONOMY OF SAO TOME
AND PRINCIPE EMPLOYING 37 PERCENT OF THE ACTIVE LABOR
FORCE AND CONTRIBUTING 85 PERCENT OF TOTAL EXPORT
EARNINGS. HOWEVER, PRODUCTION HAS DROPPED STEADILY
IN RECENT YEARS AS A RESULT OF A COMBINATION OF FACTORS
RELATED TO THE STRUGGLE FOR INDEPENDENCE AND THE DE-
PARTURE OF THE PORTUGUESE. FROM A HIGH OF 11,034

MT IN 1971, IT DROPPED TO 5,618 MT IN 1976. THE OBJECTIVE OF THIS PROJECT IS TO REHABILITATE THE EXISTING PRODUCTIVE CAPACITY OF THE APPROXIMATELY 20,000 HA ON SAO TOME (DIVIDED INTO 20 PLANTATION UNITS) CURRENTLY DEVOTED TO COCOA PRODUCTION. (THE GOSTP ORIGINALLY REQUESTED AFDF ASSISTANCE FOR A COCOA REPLANTING SCHEME. HOWEVER, THE APPRAISAL TEAM FOUND THIS PROPOSAL TO BE IMPRACTICAL DUE TO A LACK OF WELL-ADAPTED HIGH-YIELD COCOA VARIETIES TO BE USED IN REPLANTING, DEVELOPMENT OF WHICH WILL TAKE AT LEAST 15 YEARS) THE APPRAISAL TEAM ESTIMATES THAT THE AVERAGE YIELD OF SAO TOME PRODUCTION CAN BE INCREASED FROM ABOUT 270 KG OF DRY COCOA BEANS/HA TO 550 KG/HA OVER THE THREE-YEAR IMPLEMENTATION PERIOD OF THE PROJECT. THIS WOULD ALMOST DOUBLE NATIONAL COCOA PRODUCTION TO ABOUT 11,000 MT/YEAR.

4. THE OBJECTIVE OF THE PROJECT WOULD BE ACHIEVED THROUGH IMPROVEMENT OF FARM MANAGEMENT PRACTICES, INTENSIFICATION OF PHYTOSANITARY MEASURES, AND PROVISION OF FARM MACHINERY AND EQUIPMENT. PROJECT COMPONENTS INCLUDE:

A. ON-FARM RECURRENT COSTS: IMPROVING FARM MANAGEMENT PRACTICES: SLASHING, PRUNING, AND SPRAYING AGAINST FUNGI AND INSECTS. FUNDS WILL BE PROVIDED FOR PROCUREMENT OF SPRAYERS, SPRAYING CHEMICALS, WATER TANKS (20), TRACTORS (24), AND TRAILERS (48) FOR THE SPRAYING

UNCLASSIFIED

PAGE 03 ABIDJA 02306 01 OF 02 101017Z

OPERATIONS, AND FARM TOOLS. THE TRACTORS AND TRAILERS WILL ALSO BE USED FOR TRANSPORTING COCOA BEANS TO PROCESSING CENTERS. FOUR-WHEEL DRIVE STATION WAGONS (20) FOR FARM SUPERVISION AND PICK-UP TRUCKS (20) WILL ALSO BE PURCHASED.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 ABIDJA 02306 02 OF 02 101025Z

ACTION EB-08

INFO OCT-01 AF-10 ISO-00 L-03 IO-14 NSC-05 AID-05
CIAE-00 COME-00 FRB-01 INR-10 NSAE-00 USIA-15
XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 SS-15

AGRE-00 /105 W

-----053411 101026Z /10

P R 091710Z MAR 78

FM AMEMBASSY ABIDJAN

TO DEPT OF TREASURY WASHDC PRIORITY

INFO SECSTATE WASHDC 7738

AMEMBASSY LIBREVILLE

UNCLAS SECTION 2 OF 2 ABIDJAN 2306

B. FEEDER ROADS MAINTENANCE: SUPPLY 2 BULL DOZERS
AND 1 GRADER FOR MAINTAINING ROADS IN THE FACE OF
HEAVY RAINS AND EROSION.

C. VEHICLE MAINTENANCE AND REPAIR WORK.

D. PROCESSING AND MARKETING SERVICES: RENOVATION
OF FERMANTATION, DRYING, SORTING, AND BAGGING EQUIP-
C3,5, ESPECIALLY BOILERS, ON EACH OF THE 20 PLANTATIONS;
PURCHASE OF SIX 7-TON TRUCKS FOR TRANSPORT OF COCOA FROM
PROCESSING UNITS TO SAO TOME PORT.

5. PROJECTS COSTS: TOTAL PROJECT COSTS ARE ESTIMATED
AT 15.3 MILLION FUA WITH A FOREIGN EXCHANGE COMPONENT
OF 7.8 MILLION FUA. THESE FIGURES INCLUDE A PHYSICAL
CONTINGENCY ALLOWANCE OF 5 PERCENT ON ALL COSTS AND
A PRICE CONTINGENCY ALLOWANCE OF 8 PERCENT OF BASE COSTS.
THE AFDF LOAN WILL FINANCE 100 PERCENT OF FOREIGN EX-
CHANGE COSTS. DISBURSEMENT WILL BE OVER A PERIOD OF
THREE YEARS (1978-79 TO 1980-81.)

6. ORGANIZATION AND MANAGEMENT: AT INDEPENDENCE, THE
GOSTP NATIONALIZED ALL FARM AND FOREST LANDS OF MORE
THAN 100 HA. THE MINISTRY OF AGRICULTURE TOOK OVER
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ABIDJA 02306 02 OF 02 101025Z

MANAGEMENT OF ALL LARGE-SCALE PLANTATION ESTATES.
THESE WERE COMBINED INTO 22 PLANTATION ESTATE MANAGE-
MENT UNITS. THE PROJECT AREA COVERS ALL 20 PEMU'S ON SAO
TOME. THESE PRODUCE OTHER COMMODITIES BESIDES COCOA.
THE GOSTP WILL ASSURE THAT THE PEMU'S KEEP SEPARATE
ACCOUNTS FOR ACTIVITIES UNDERTAKEN UNDER THE SUBJECT
PROJECT. IT WILL ALSO ESTABLISH A PROJECT STEERING
COMMITTEE AND A FULL-TIME PROJECT COORDINATOR WITHIN
THE MINISTRY OF AGRICULTURE TO OVERSEE IMPLEMENTATION
OF THE PROJECT.

7. ECONOMIC ANALYSIS: PROJECT LIFE IS ASSUMED AT
15 YEARS. THE APPRAISAL REPORT PROJECTS IMPLEMENTATION
OF THE PROJECT TO LEAD TO AN INCREASE IN AVERAGE COCOA
YIELD FROM 270 KG/HA PRIOR TO AND THROUGH YEAR 1
OF THE PROJECT TO 400 KG/HA IN YEAR 2 AND TO 550 KG/HA

IN YEAR 3. YIELD IS ASSUMED TO REMAIN CONSTANT THERE-
AFTER. THE ECONOMIC RATE OF RETURN OF THE PROJECT IS
CALCULATED AT 44.3 PERCENT (IT IS NOTED THAT THIS HIGH
RATE OF RETURN IS CHARACTERISTIC OF REHABILITATION PRO-
JECTS WHERE EXISTING INVESTMENTS ARE TREATED AS SUNK
COST.) GROSS INCOME FROM THE PROJECT IS PROJECTED AT
7.5 MILLION FUA ANNUALLY FROM PROJECT YEAR 3, CUMULATIVE
CASH SURPLUS AT THE END OF THE PROJECT (YEAR 15) AT
54 MILLION FUA.
STEARNS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COCOA, DEVELOPMENT PROGRAMS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ABIDJA02306
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780107-1092
Format: TEL
From: ABIDJAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780390/aaaacxxv.tel
Line Count: 180
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4de30fcb-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3396798
Secure: OPEN
Status: NATIVE
Subject: AFDF SAO TOME COCOA REHABILITATION PROJECT APPRAISAL REPORT
TAGS: EAID, EFIN, IV, AFDB
To: TRSY
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4de30fcb-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014